

USAID Grant Agreement No. 279-AA-00-09-00001

**THIRD AMENDMENT**  
**TO**  
**ASSISTANCE AGREEMENT**  
**BETWEEN**  
**THE GOVERNMENT OF THE UNITED STATES OF AMERICA**  
**AND**  
**THE GOVERNMENT OF THE REPUBLIC OF YEMEN**

September 30, 2012

**FUNDS AVAILABLE**  
*SR \$64,595,000*

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*9/27/2012* *09/27/12*

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Third Amendment, dated September 30, 2012 to the Assistance Agreement, between the United States of America, acting through the United States Agency for International Development ("USAID") and the Government of the Republic of Yemen, acting through the Ministry of Planning and International Cooperation ("MOPIC" or the "Grantee"), dated September 16, 2009, (the "Assistance Agreement") and subsequently amended on September 25, 2010 and April 12, 2012.

The Assistance Agreement is hereby amended as follows:

A. Article 3, Section 3.1(a) is amended by deleting the phrase "One Hundred Fifteen Million Seven Hundred Thirty-One Thousand and Four Hundred Sixty (U.S.) Dollars (\$115,731,460)." and replacing it with "One Hundred Eighty Million, Three Hundred and Twenty Six Thousand and Four Hundred Sixty (U.S.) Dollars (\$180,326,460)".

B. Article 3, Section 3.1(b) is amended by deleting the phrase "One Hundred Twenty-One Million Nine Hundred Fifty-Six Thousand and Twenty-Five (U.S.) Dollars (\$121,956,025)." and replacing it with "Two Hundred Sixty Four Million, Four Hundred Fifty Six Thousand and Twenty-Five (U.S.) Dollars (\$264,456,025)".

C. Annex 1, Amplified Description is deleted in its entirety and replaced in full with the attached Annex 1 Revised Amplified Description.


D. Annex 1, Table 1: Illustrative Financial Plan for the Program is deleted in its entirety and replaced in full with the attached Revised Table 1: Illustrative Financial Plan.

E. Except as specifically amended or modified herein, the Assistance Agreement shall remain in full force and effect in accordance with all of its terms and conditions.

F. This Third Amendment shall enter into force when signed by both USAID and MOPIC.


IN WITNESS THEREOF, the Government of the United States of America and the Government of the Republic of Yemen, each acting through its duly authorized representatives, have caused this Third Amendment to be signed in their names and delivered as of the day and year written at the top of this official document.

The Government of the  
United States of America

By: 

Christopher Crowley  
Deputy Assistant Administrator  
Middle East Bureau  
United States Agency for  
International Development

The Government of the  
Republic of Yemen

By: 

Dr. Mutahar Al-Abasi  
Vice Minister  
Ministry of Planning &  
International Cooperation

Witnessed By:

By: 

Gerald M. Feierstein  
U.S. Ambassador to the Republic  
of Yemen

Revised Table 1: Illustrative Financial Plan

**AA, as amended by  
Amendment #3**

<b>TOTAL *</b>
<i>Assistance Objective 1: Livelihoods in communities improved</i>
<i>Assistance Objective 2: Governance capacities improved to mitigate drivers of instability</i>
<i>Administrative and Operational Expenses</i>
<i>Parking Fines*</i>

Original AA	1st Amendment	2nd Amendment	3rd Amendment	Total to date	Original AA Ceiling	Amended AA Ceiling**
FY 2009 (\$)	FY 2010 (\$)	FY 2011 (\$)	Additional FY 2011 (\$)	FY 2012 (\$)		
30,156,025	47,997,297	37,578,138	20,000,000	44,595,000	121,956,025	264,456,025
22,132,851	29,773,763	25,203,000	20,000,000	24,275,200	78,015,851	169,251,856
5,986,911	13,630,048	10,788,000	0	18,683,300	36,395,911	79,336,808
2,036,263	4,593,486	1,587,138	0	1,636,500	7,544,263	15,867,362
0	-2,702	-9,862	0	0	-12,564	

\* Parking Fines are excluded from the total amount

\*\* All figures presented herein are illustrative and are subject to the availability of funding

## Revised Annex 1 Amplified Description

### I. Introduction

This annex describes the program objectives to be undertaken and the anticipated results to be achieved with funds obligated under this Agreement. Nothing in this Annex 1 shall be construed to amend any of the definitions or terms of the Agreement.

### II. Background

The activities to be implemented under this Agreement build upon a long standing collaboration between the United States and Yemen. Increasingly Yemen has become central to U.S. foreign policy interests. Its strategic location features a long porous land border with Saudi Arabia, a critical U.S. ally, and a long sea border facing the oceanic chokepoint to the world's most heavily used sea lanes between the Indian Ocean and the Red Sea. Al-Qaeda (AQ) operatives are trying to utilize Yemen's territory as a base for movements in the Arabian Peninsula and beyond. In addition, Yemen's location across from the Horn of Africa puts it in proximity to major refugee flows and a burgeoning piracy problem. Yemen also faces a large youth bulge and rapidly growing population, growing natural resource scarcity, a lack of employment opportunities, declining government revenues, widespread corruption, and unequal political representation. Compounding an already difficult socioeconomic situation, Yemen, like much of the world, also faces serious economic pressures brought on by the global financial crisis.

Prior Strategy. USAID/Yemen's 2003-2008 strategy period focused on development initiatives in the five remote, very poor, rural governorates most at-risk of generating political instability and providing possible refuge for terrorists. Five key governorates were identified with inter-tribal conflicts, tribe-state conflicts, and an al-Qaeda presence: Al-Jawf, Marib, Sa'ada, Amran, and Shabwa. Programming at the district and governorate levels centered on health, education and, to some extent, agriculture. Sub national interventions were accompanied by capacity building for the Ministries of Health and Education at the central level in Sana'a. Cross-cutting themes included improved services and opportunities for women and girls, community participation, and good quality data for planning and management. The USAID program in Yemen also made selected investments at the national level, with the public and private sector, in partnership with other donors, to identify opportunities for improved policy and expanded options for longer-term sustainable development. By sector, USAID focused its resources in the following four technical areas:

*Governing Justly and Democratically:* USAID has assisted the Yemeni government's efforts to promulgate the National Decentralization Strategy as well as to strengthen the capacity and institutional development of local councils at the governorate and district levels in planning, budgeting and management. USAID also has supported parliament capacity building and anti-corruption reforms. USAID

programs improved the Supreme Commission for Elections and Referendum's ability to implement its responsibilities efficiently and transparently. These programs assisted the Commission in encouraging voter registration, enhancing women's participation, and improving campaign financing and election monitoring. USAID has supported the efforts of members of parliament to enact anticorruption laws and foster legislative advocacy. USAID also contributed to parliamentarians' efforts to improve the budget-making and oversight functions of the legislature and to increase the capacity of key reform-oriented committees. Additionally, USAID has worked with the Supreme National Authority for Combating Corruption, the Higher Tender Board, the Central Organization for Control and Audit, and the Yemeni Journalists Syndicate to strengthen the ability of these organizations to combat corruption. USAID also has supported tribal conflict mitigation programs. Activities included promoting peaceful resolutions to conflict through dialogue, outreach, and anti-violence youth campaigns. USAID also assisted tribal leaders in their efforts to resolve longstanding conflicts that delay much-needed democratic, economic, and educational reforms.

*Investing in People: Health:* To create lasting changes in the health services in remote governorates, USAID renovated health clinics and housing for health providers, provided basic medical equipment to health facilities, trained midwives and doctors to improve emergency obstetric and pre- and postnatal care, and improved counseling services and community health education. More than 1,112 staff members of health facilities have been trained in family planning and maternal and child health services, including counseling and health education. Through mobile health teams and renovated facilities, USAID brought health care services to over 97,886 people in its target governorates. USAID also supported the national Health Information System, which allowed the Ministry of Public Health and Population and governorate health offices to improve their collection and utilization of health statistics for better resource management. Through the Health Services 20/20 project, USAID improved immunization coverage in targeted areas from 66% to 87% over a period of five years. USAID also has piloted new guidelines for increased routine immunization coverage. In addition, USAID has participated in several rounds of national polio campaigns, reaching places where children had never been vaccinated.

*Investing in People: Education:* Yemen's education indicators are among the lowest in the Middle East. The primary school attendance rate for girls is only 45 percent and a mere 15 percent in secondary school. To support Yemen's efforts to strengthen its basic education system, USAID developed new programs to improve education, especially for women and girls. The now closed Basic Education (BE) project trained over 3000 teachers and school administrators in student-centered and active learning techniques. In 23 of the 77 schools in three governorates benefiting from this project, test scores in 2007 indicated that 64% of third graders performed math problems at their grade level or above and 74% read and write Arabic at their grade level or above; these scores are almost double those from schools not receiving USAID assistance. Enrollment rates at USAID funded schools have increased substantially: 14.2% for girls and 4.6% for boys. Overall, USAID's programs trained 761 teachers in teaching Arabic, science, and mathematics, 154 teacher trainers, 49 inspectors, 122 head masters, 1671 community participation and literacy specialists, and 309 parent

council members. An estimated 7,000 students have benefited from USAID-sponsored life skills classes, over 6,000 women have participated in literacy classes; and all 77 project schools have benefited from supplementary reading materials.

*Creating Economic Opportunities:* In the remote areas where USAID works, most people are employed in agriculture and herding, and poverty levels are high. In 2007, USAID signed an agreement with Yemen's Ministry of Agriculture to assist in improving the marketing and trade capacity of farming associations and cooperatives, with a focus on increasing exports of agricultural goods and, in turn, raising the income of agricultural communities.

### **III. Strategic Focus for 2009-2015**

During the 2009-2015 period covered by this Agreement and subsequent Amendments, the collaboration between the United States and Yemen will continue to grow stronger. Joint development goals include improving the livelihoods of citizens in at-risk communities and improving governance capacities to mitigate drivers of instability. As the basis for this Agreement is collaboration between the Parties, the activities to be implemented are planned and implemented in coordination with the Grantee. This assistance is specifically designed to provide support in areas where the Government of Yemen does not have the resources or expertise to execute, organize or manage such activities.

**USAID's overarching strategic goal in Yemen is to increase Yemen's stability through targeted interventions in critical areas.** This goal implies a localized stabilization strategy with development programming tailored to address the drivers of instability in specific areas of the country and to respond directly to the articulated needs and frustrations of communities in the most unstable areas. With a country as geographically vast, topographically complex, and challenging as Yemen, the location and number of areas of focus will be clearly delineated over time. Also essential to the success of local targeted interventions will be initiatives at the national government level necessary for achieving sustainable progress at the local level.

The USAID/Yemen strategy is organized under two Assistance Objectives that fall under the United States Foreign Assistance Framework:

#### **Assistance Objective 1:**

##### **Livelihoods in targeted communities improved.**

In general, a stabilization strategy centers on addressing people's basic needs and opportunities at the local level by improving their access to basic services, by expanding economic opportunities, and by promoting political/civic empowerment. Populations in highly unstable areas need to experience a direct impact in their daily lives, see improvement in their communities, and perceive state institutions as responsive to their needs in order to develop an active stake in their futures and communities. While not a cure, such an approach can make concrete, time-and-place-



specific contributions to counter the forces threatening Yemen's overall stability. This objective will require the bulk of USAID's resources and effort over the next three years.

Approach. By necessity, a stability strategy requires a multi-sectoral approach at the community level, responding to their articulation of frustrations and needs. The package of goods and services provided will be mutually reinforcing and synergistic. As people do not demarcate their lives by sector, USAID/Yemen will look to programs and activities that are not focused on a single technical sector, but instead focus on the unique drivers of instability as determined by the Yemeni people themselves. Livelihoods, for the purposes of this strategy, is defined as the combination of factors in a community that have a direct impact on the quality of individuals' lives. Those factors are the elements in a community that affect citizens' well-being, prosperity, and future choices, including income, health, education, security, water, infrastructure, citizen participation, etc.

Given the demographic realities of Yemen and the nexus of dissatisfaction, lack of employment, and other opportunities, youth are a critical factor in the environment. For lasting impact, the needs, aspirations, and opportunities for youth must be addressed in not only economic but also political and social arenas in a systematic way that builds their knowledge and skills for positive development. Youth by itself is not a driver of conflict, yet without proper attention to youth needs and aspirations, the vulnerable situation that exists in Yemen will be exacerbated.

Another critical element in the approach will be the emphasis on transparency, accountability, and community outreach and feedback. Corruption undermines the government's effectiveness and the ability of the state to meet the needs of its citizens. Thus, USAID programming will be designed in ways that reach out to underserved and discontented communities, build in advocacy opportunities and accountability mechanisms, and promote transparency. In addition to improved lives and community services, populations need to have access points to local government institutions and public policies and to perceive that the government is responsive to their needs. Community outreach and feedback approaches will be integrated into project design.

Expected Results. The following results will define success for this Assistance Objective:

1. *Employment opportunities increased.* Locally-based livelihoods initiatives that promote community commitment and stewardship of neighborhood projects are intended to create ownership for the activities in their neighborhoods while also improving the opportunities for future generations. Through its Scholarship Project and other potential participant training and study tours, USAID intends to achieve two primary objectives from this program: (1) Professional Development – to provide candidates having demonstrated leadership potential with professional knowledge and skills in

USAID's strategic sectors - good governance, health, education, agriculture, trade, private sector development, water - and the capacities to introduce new ideas and work processes upon their return home in order to increase economic growth in Yemen. (2) U.S. Linkages – to strengthen participants' ties to the U.S. that will promote greater understanding of U.S. culture, politics, economic structure, and values.

Based on communities' assessments of the potential for expanding economic opportunities, USAID will support the development of employment-generating, micro- and small- enterprises and improvements to agricultural productivity and food security. These activities will be determined according to local needs and designed in ways that are sensitive to how Yemen's rural citizens live their lives. Microcredit programs will help local enterprises increase their potential and create jobs and technical assistance and training will help improve new and existing economic development in critical areas. A focus on youth will stress vocational/technical training, matching trainees to actual jobs and youth business start-ups. Adaptations to natural resource constraints and opportunities will promote water conservation, improved animal husbandry and crop cultivation, and alternative energy generation. USAID will promote traditional, water-conserving, domestically-demanded crops cultivation as an alternative to *qat*, which uses precious water resources and limits economic opportunities in growing areas. Rural productive associations and cooperatives will be supported, and private sector and non-governmental organizations, associations, and cooperatives will be trained in advocacy at governorate and local council levels for the benefit of their members. USAID will also work with communities to identify and fund small-scale infrastructure projects, including but not limited to rural electrification, water conservation projects, tertiary canals and irrigation, road improvement, bridge and street repair, etc.

Under the Program Area of Protection, Assistance and Solutions, USAID will support quick-impact livelihood recovery activities in the wake of Yemen's economic crisis, through small-scale infrastructure rehabilitation projects that generate employment, provide wages, and restore agricultural, transport, water, education, and health assets to enhance future production and service delivery.

In coordination with governorate and national level government officials, communities will also become partners in their region's socio-economic development planning processes. Furthermore, community and political leaders, clergy, and average citizens will learn about the unintended negative repercussions of cultivating and consuming *qat*. Emphasizing transparency, community outreach will include private sector and non-governmental organizations, local associations and cooperatives, local councils and tribal leaders, and religious representatives as appropriate. [Foreign Assistance Framework (FAF) Program Areas: Governing Justly and Democratically – 2.2 Good Governance, 2.4 Civil Society; Investing in People – 3.2 Education;

Economic Growth – 4.3 Financial Sector, 4.4 Infrastructure, 4.5 Agriculture, 4.6 Competitiveness, 4.7 Economic Opportunity; Humanitarian Assistance—5.1 Protection, Assistance and Solutions]

2. *Access to and delivery of quality basic services improved.* USAID will help improve access to basic services while improving service quality in targeted communities. Currently, Yemen's health and education services are woefully inadequate, resulting in an infant mortality rate of 74/1,000 live births and an adult literacy rate of 50 percent (73 percent for men and only 35 percent for women). Only half of the people have access to safe water. Services quality and delivery are inequitable. Government capacity is further undermined by widespread corruption that exacerbates this disparity. Despite attempts to counter corruption, it still takes its toll on the average Yemeni: citizens remain disillusioned, standards of living continue to deteriorate, and tension grows in underserved regions. Furthermore, the availability of services is overwhelmed by growing population pressures. USAID's programs will work to build the capacity to provide better services to targeted communities and thereby contribute to improving education, health, water, sanitation, and other services at the local level to improve prospects for economic progress and enhanced livelihoods and well-being. USAID Programs will assist local governments in the south of Yemen to demonstrate responsiveness to conflict affected populations through improved delivery of goods and services. Funds will be programmed in such a way to bolster support for the transitional government by demonstrating the ROYG's commitment to conflict-affected communities. Programs are designated to help local governments in governorates including but not limited to in the rehabilitation of community infrastructure that has been occupied by IDPs from the other governorates of Yemen. Programs will rehabilitate schools and other public buildings, to the benefit of students whose schooling was disrupted during the displacement. Programs will be directed towards governorates in great need,. Funds will contribute to the recovery of the governorate through labor-intensive, small scale community infrastructure repair and rehabilitation (community water and electricity distribution, access roads); agricultural livelihood support (agricultural tools, seeds, and irrigation system repairs); and service enhancements through the repair and equipping of schools and health facilities. Wherever possible, such programs will be designed to facilitate new government-community relationships in order to build support for the ROYG and emphasize the transitional government's commitment to serving these communities.  
[Foreign Assistance Framework (FAF) Program Areas: Investing in People – 3.1 Health, 3.2 Education; and Humanitarian Assistance—5.1 Protection, Assistance and Solutions]

### Illustrative activities

- Technical/vocational training for youth appropriate to existing labor market needs
- Training and technical support to smallholders to promote domestically-demanded crops (alternatives to *qat*), traditional and environmentally sound techniques, water conservation and improved productivity
- Small scale community infrastructure projects to improve water conservation and irrigation, transport access and roads, micro power generation and electricity access
- Microcredit and support for borrowers' groups, rural productive associations and cooperatives and micro enterprises.
- Renovation, repair or equipping local clinics and classrooms
- Enhance Health Ministry's ability to roll out support and training for healthcare providers (including midwives) in underserved areas
- Provide comparative best practices for the Government's Small and Micro Enterprise Program to provide better training, financial and other forms of support to small businesses
- Build the capacity of mobile health teams and local midwives to deliver expanded and improved basic health services to underserved populations in remote districts
- Work with local women's networks to train local community and clergy in maternal and child health issues and in promoting healthy behaviors, including birth spacing, delayed marriage, and reducing *qat* consumption
- Expand the training of nurses and physicians on key maternal and child health (MCH) issues and evidence-based best practices
- Build the capacity of local civil society in community organizing and mobilization, outreach, and advocacy with governorates and local councils on priority issues
- Increase the capacity of local and district education offices to support educational improvements and learning needs in and out of schools
- Assist the Ministry of Education (MOE) in specific reforms, such as devolving responsibilities to governorate and district levels and improving the delivery of teacher training programs.
- Train youth and youth groups in leadership skills and engage them in community service projects
- Provide professional development through the Scholarship Project
- Support parent councils to engage with schools and district/governorate Education Ministry offices
- Support student councils and empower them to play advocacy and advisory roles in their schools
- Pilot community boards for health facilities (e.g. clinics, hospitals, etc) that are allowed for by law but not realized in practice
- Community-level socio-economic development planning
- Assist local governments in the south of Yemen to demonstrate responsiveness to conflict affected populations through improved delivery of goods and services.

## **Assistance Objective 2:**

### **Governance capacities improved to mitigate drivers of instability.**

Improved governance represents the institutional backbone of this local stabilization approach and can form the basis for future development interventions that can improve sustainability over time. Over the longer-term, improved governance will be essential to making shorter-term, local gains sustainable. In the medium term, USAID can look to replicating successful local approaches in other areas of the country, working with local government structures and external resources that will help improve the Government's responsiveness and effectiveness.

**Approach.** USAID will focus primarily on building productive relationships between appropriate government entities and Yemeni communities through training both communities and their government counterparts. While Yemen's general governance needs are myriad and severe, programs addressing policy changes and reforms will target those particular issues/policies/reforms that most directly relate to and support local-level interventions.

**Expected Results.** The following results will define success for this Assistance Objective:

1. *Public policies and institutions facilitate more equitable socio-economic development:* Where necessary to address community articulated needs and concerns, USAID will address specific policy and reform issues. These policies will be those that are directly related to the success of the local development and stabilization interventions in targeted communities. [Foreign Assistance Framework (FAF) Program Areas: Governing Justly and Democratically – 2.1 Rule of Law and Human Rights, 2.2 Good Governance, 2.3 Political Competition and Consensus-Building; Economic Growth – 4.1 Macroeconomic Foundation for Growth, 4.3 Financial Sector, 4.6 Private Sector Competitiveness, 4.7 Economic Opportunity]
2. *Local governance and capacity for basic service provision improved:* USAID will help build mechanisms for community-government collaboration and provide training for government officials in participatory development planning and implementation. In addition, the technical capacity of primarily sub-national governments will be strengthened through training and hands-on mentoring experience in the context of community project design and implementation. Community outreach, dialogue, feedback and accountability mechanisms will be emphasized. [Foreign Assistance Framework (FAF) Program Areas: Governing Justly and Democratically – 2.2 Good Governance; Investing in People – 3.1 Health, 3.2 Education;]
3. *Strengthened community-based institutions and mechanisms to ensure active participation in governance and locally-driven solutions established:* Activity implementation at the community level will incorporate a robust community

participation process that informs and influences government decision-making and promotes transparent project development and implementation. Community organizations and their leaders will be trained in transparent, inclusive, and participatory planning techniques, accountable implementation, and best practices. Citizen involvement and oversight will be an important aspect of all community training. Both government and community accountability techniques will be employed to help monitor implementation and insure results are achieved. USAID will provide technical and logistical assistance to the national dialogue committee and those groups representing all Yemenis including youth and women to ensure equal opportunity for participation in the reform process. With respect to governance capacities, support will be provided for project-specific, output-oriented needs of key government institutions involved in the execution of core central government functions. USAID will also provide technical support in coordination with the UN and other donors to support the electoral system. Four key areas of focus are: civic/voter education to bolster participation in voter registration and constitutional referendum (early 2013), Supreme Commission for Elections and Referenda restructuring and capacity building, electoral law reform, and voter registry reform. Currently planned democracy and governance programs in Yemen do not sufficiently address these emerging needs for electoral support. [Foreign Assistance Framework (FAF) Program Area: Governing Justly and Democratically – 2.1 Rule of Law and Human Rights, 2.4 Civil Society]

#### Illustrative Activities

- Support implementation of the Government's fiscal decentralization policy
- Improve the use of technology and socio-economic data in policy and budgetary decisions to more transparently, equitably and predictably allocate resources for service delivery in critical areas in targeted sectors, for instance, working with the Ministries of Health and/or Education
- Train community leaders and local councils in basic roles and responsibilities to promote constructive partnering, advocacy and accountability with local and provincial government
- Support the Government's elections system reform
- Increase the capacity of staff and elected officials of the Yemeni Parliament
- Support local council functioning through leadership training, awareness of democratic and inclusive practices and community participatory planning techniques and with technical support in budgeting, basic design, procurement, execution and oversight of local projects
- Support local service delivery offices to more effectively interface with local councils and community groups
- Train national audit bureau divisions responsible for local government and service delivery/economic productivity ministries (e.g. Health, Education, Agriculture)
- Support parliamentary committee oversight of key service delivery ministries
- Further enhance the modernization of the Government's central procurement system

- Help mobilize local NGOs to monitor and report on service delivery and status of local development projects
- Provide technical and logistical assistance to the national dialogue committee and those groups representing all Yemenis including youth and women

### **Geographic Focus**

With a country as geographically vast, topographically complex and politically unstable as Yemen, the number of areas of focus will likely be clearly delimited for greater impact over time. Governorates in Yemen range from fairly stable (i.e., key urban areas under central government control—e.g. Sana'a, Hodeidah, Taiz) to challenged (i.e., northern tribal governorates of Al-Jawf, Marib) to full civil or growing conflict status (i.e. Sa'ada, aggrieved southern governorates—e.g. Al-Dhale'e, Lahej). While following broadly similar center-periphery conflict dynamics, the drivers of instability and conflict also vary across governorates. For this reason, careful targeting and phasing of interventions tailored to specific local conditions and community-determined needs will be essential.

The geographic focus will range from a broadly national scope to the local community level. Assistance to national entities to support policy and capacity-building are likely to involve specific line ministries with responsibilities for service provision that have an impact on marginalized populations. Interventions to support decentralization, accountability, and transparency will be specifically targeted to improve prospects for success of local stabilization programming. It is also anticipated that there will be additional effort to support the ROYG's efforts on elections and political participation as windows of opportunity arise. Public outreach and community participation will be prominent features, particularly at the local level.

### **Cross-Cutting Themes**

Programming under this Agreement will incorporate five cross-cutting themes that will be key to addressing drivers of instability: youth, gender, good governance, and institution-building. Each of these themes can serve as sources of conflict mitigation, stabilization, and long-term development.

## **IV. Results, Indicators and Illustrative Activities**

The Parties will establish the annual targets for the indicators to which they agree and will use additional indicators to measure the progress under the Agreement towards the attainment of the results described herein. The Parties, in consultation with implementing entities, will develop more detailed indicators and establish baselines and targets against which to measure and evaluate the progress and results of all activities to be undertaken pursuant to the Agreement.

Notional indicators are as follows:

- Number of full time jobs created in targeted communities;
- Women's inclusion in community-based initiatives;
- Number of teachers and healthcare providers trained;

- Number of community projects under implementation/completed;
- Number of microfinance loans issued;
- Legal/policy issues addressed;
- Increase (%) of local citizen satisfaction with local government services;
- Increase in reading and math achievement or Increase in reading and math achievement in the early grades (1-3) or Increase in reading and math scores at the school level. Number of community-based productive and civil society organizations assisted;
- Citizens' perception of increased quality and responsiveness of tribal, local, and national leadership;
- Decrease in localized infant and mother mortality rates

## **V. Monitoring and Evaluation**

The Parties agree to comprehensively monitor performance and evaluate the Agreement's results. This will include the periodic gathering and analysis of data for the indicators referenced in Section IV. The Parties will conduct continuous program monitoring and will review program impact and overall progress under the Agreement on at least an annual basis. USAID and the implementing agencies under this Agreement will review progress on a more frequent and continual basis, through the provision and review of semiannual and quarterly reports, site visits, and other monitoring mechanisms.

USAID follows strict USG guidelines on monitoring and evaluation (M&E) of projects. Therefore, all implementing partners and sub-implementing partners are required to self-monitor and submit regular reports and performance information as requested by a USAID funded third party monitoring contractor or directly by the Mission. M&E team performs regular unscheduled monitoring visits to projects and activities all over Yemen. They also perform regularly required baseline, mid-term, and year end evaluations. All data is managed by USAID funded contractor's database and reports are filed with the Mission

## **VI. Funding**

The illustrative financial plan for the program is set forth in Table 1. The Grant also includes funding for program administration and oversight expenses incurred directly by USAID. Changes may be made to the financial plan by written agreement of the Parties, without a formal amendment to the Agreement if such changes do not result in (1) an increase in the amount obligated under Section 3.1 of the Agreement, or (2) a decrease in the Grantee's contribution below the amount specified in Section 3.2 of the Agreement. In addition, after such financial plan has been approved by the Parties as part of this Agreement, changes in line items of such approved financial plan may be made by USAID without prior consultation with the Grantee, provided that such changes do not, in the aggregate, affect more than fifteen percent (15%) of the amount of USAID's contribution under this Agreement, as specified in Section 3.1 of the Agreement.



**Table 1: Illustrative Financial Plan\***

AA, as amended by Amendment #3	Original AA	1st Amendment	2nd Amendment	3rd Amendment		Total to date	Original AA ceiling	Amended AA ceiling
	FY 2007 (\$)	FY 2010 (\$)	FY 2011 (\$)	Additional FY 2011 (\$)	FY 2012 (\$)			
<b>TOTAL *</b>	30,156,025	47,997,297	37,578,138	20,000,000	44,595,000	180,326,460	121,956,025	264,456,025
<i>Assistance Objective 1: Livelihoods in communities improved</i>	22,132,851	29,773,763	25,203,000	20,000,000	24,275,200	121,384,814	78,015,851	169,251,856
<i>Assistance Objective 2: Governance capacities improved to mitigate drivers of instability</i>	5,986,911	13,630,048	10,788,000	0	18,683,300	49,088,259	36,395,911	79,336,808
<i>Administrative and Operational Expenses</i>	2,036,263	4,593,486	1,587,138	0	1,636,500	9,853,387	7,544,263	15,867,362
<i>Parking Fines*</i>	0	-2,702	-9,862	0	0	-12,564		

\* Parking Fines are excluded from the total amount

\*\* All figures presented herein are illustrative and are subject to the availability of funding

## VII. Roles and Responsibilities of the Parties

Activities undertaken in this Agreement will involve a number of partners and implementing institutions, each of which has specific and complementary roles leading to the achievement of the Objective.

### A. Grantee

In implementing this Agreement, the Grantee will use its best effort to ensure that the Objective is achieved as contemplated in this Agreement. The Grantee and USAID may agree to assign primary responsibility for coordination of Grantee's responsibilities with Grantee entities throughout the period of the Agreement.

### B. USAID

USAID may, in coordination with Grantee representatives enter into one or more agreements with other entities, such as government, private or international organizations, to implement Agreement activities as USAID deems necessary, pursuant to USAID's policies and procedures. Such agreements may include grants, cooperative agreements, and contracts. The private entities may be local or foreign, international or multi-national, nongovernmental organizations or persons.

### **C. Donor Coordination**

A range of bilateral and multilateral donors have been working in Yemen for years. Key bilateral donors include the British, Germans, Dutch and Japanese; to a much lesser extent, France, Italy and Canada are also active. The World Bank, United Nations Development Program (UNDP) and European Union (EU) are the key multilateral institutions. These donors have invested heavily in a number of key development sectors in Yemen. While the USG is significantly increasing its development funding to Yemen over the next several years, USAID/Yemen will continue to target its resources for maximum impact. USAID will prioritize depth over breadth. Trends in other donor investments help USAID determine where it will invest its own resources.

### **D. Other USAID Technical and Program Support Obligated Outside this Agreement**

In addition to the funding amounts that may be made available under this Agreement, USAID has and may continue to contribute additional funds and technical and program support through other funding mechanisms for activities that may be obligated outside of the terms of this Agreement. All funding provided by USAID that is not obligated in this Agreement for assistance to achieve the Objectives of the Agreement shall be treated as assistance provided to the Republic of Yemen under the terms of the Economic, Technical, and Related Assistance Agreement Between the United States of America and the Republic of Yemen, entered into force April 20, 1974 (TIAS 7820), and acknowledged via exchange of notes July 9, 2003.